

TESTIMONY OF ERIC J. BROWN  
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION  
before the  
FINANCE, REVENUE AND BONDING COMMITTEE  
April 15, 2015

Good afternoon. My name is Eric Brown and I am an attorney with the Connecticut Business & Industry Association ("CBIA"). CBIA's mission is to work with our members and public officials to make Connecticut a more attractive location for business investment in order to grow jobs and economic opportunity for those who live here. Our members include businesses from across the state of all sizes and from nearly every industry in Connecticut.

Thank you for this opportunity to submit comments on **HB-7055, An Act Concerning Connecticut First.**

This bill contains an impressive array of proposals intended to make Connecticut a more attractive place to invest, grow a business, hire employees and provide a better quality of life for its citizens. In fact, the bill's title conveys your desire to make Connecticut first in this regard. Let me begin by enthusiastically applauding your focus on that goal and stress that CBIA would very much like to be a partner and a resource to you as you consider legislation today and throughout the remainder of the session.

In that context, we come before you today to provide comment on three portions of HB 7055. One we believe will help achieve the goal, one we believe will hurt the those efforts and one we believe introduces unnecessary risk into the financial health our municipalities and the businesses located within them.

**CBIA supports sections 12-15 of HB 7055: Federal Deviation Analysis**

Sections 12-15 would improve Connecticut's regulatory climate by providing a more streamlined, focused and thoughtful drafting, public comment and approval process.

These sections essentially direct state agencies, when proposing regulations for which federal standards or procedures have already been adopted, to begin the drafting process by sitting down with the federal regulations and marking them up as they deem necessary.

Importantly, these sections do nothing to limit Connecticut's ability to go beyond federal requirements. However, the bill does require the agencies to: 1) Clearly identify where and how it has elected to deviate from the federal requirements (this would be self-evident if the agency builds its proposed regulation based on a red-lined mark-up of the federal regulations); and 2) provide a plain-language explanation of its reasoning for each such deviation. This measure helps ensure that the agency has carefully considered the federal requirement and has made a reasoned determination for deviating from that requirement that it can articulate in plain language, to the public, the regulated community and to the legislature.

In short, sections 12 - 15 provide the framework for a more efficient and transparent adoption process for state regulations that have a federal corollary.

There are many things that can be done to improve our regulatory climate, but if fully embraced by the agencies and implemented with discipline, this portion of the bill would provide significant improvements in government efficiency and regulatory outcomes.

Accordingly, CBIA urges your support for sections 12-15 of the bill.

**CBIA opposes section 3 of HB 7055: Electric ratepayer funding of an expanded renewable energy credit program.**

CBIA has supported the work of the governor and the legislature in developing Connecticut's Comprehensive Energy Strategy designed to bring "cheaper, cleaner and more reliable energy" to Connecticut. We serve on the state's Energy Efficiency Board and have participated since the earliest stages in the development and expansion of Connecticut's Green Bank. Connecticut has much to crow about when it comes to the "cleaner" and "more reliable" goals of the Comprehensive Energy Strategy.

Connecticut currently ranks 5<sup>th</sup> in the nation for the least amount of energy consumption per capita and the 6<sup>th</sup> most energy efficient state. And investments in hardening our electric distribution system appear to be paying off as power outages were very sparse during the rough winter we are just now emerging from.

Unfortunately, we have made zero progress in reducing our energy costs relative to other states. Energy costs are a major barrier to jobs, competitiveness, and economic growth. People can currently live anywhere in the country other than Hawaii and expect to pay less for their electricity. And, as Connecticut strives to hang-on to businesses of all types that are being wooed by other states, the nagging truth is that businesses can locate in any other state in the lower 48 and expect to pay less for their energy. That simply has to change.

Section 3 of this bill would create a new renewable energy credit program designed to incentivize development of renewable energy projects at brownfields and solid waste disposal sites. Developing renewable energy projects at these sites can often make sense. We understand there are several already in place or in the planning stages at this time. And we appreciate that the intent of this section to grow the number of those projects.

However, again- at a time when we have the highest energy costs in the continental United States, this proposal would add \$180 million dollars to electric ratepayer bills over its 21 year implementation period.

This is the type of proposal where we have to step back, take a look at the bigger picture, understand that we have and are continuing to make great strides in bringing renewable energy to Connecticut. We are reducing energy demand, helping homes and businesses become more energy efficient, and deploying clean energy generation across all areas of our state - due in part to our current LREC/ZREC program which itself has a billion dollar price tag over the term of the program. And we have the most stringent renewable portfolio standards – estimated to cost state energy consumers \$1.6 billion over the next five years.<sup>1</sup>

As stated above, the policymakers must now take a pause from adopting more tempting but costly measures that will further increase the energy bills of state residents and businesses. Instead, it is imperative that we all work together with laser-like focus on getting our state out of the basement in state rankings for energy costs.

Therefore, CBIA urges you to strike section 3 from this bill.

### **CBIA opposes section 5 of HB 7055: Municipal Broadband Districts**

CBIA is very supportive of Connecticut having an extensive, reliable and affordable broadband internet system that meets the needs of Connecticut's businesses and citizens. We are pleased that multiple recent studies indicate that Connecticut has one of the highest ranking broadband systems in the world. Our state should be touting our broadband system as a strong competitive asset.

Apparently, however, there are some who feel government needs to enter into the broadband business in the hopes of making high-speed internet service less expensive than what the current free-market dictates.

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<sup>1</sup> See: <https://www.scribd.com/doc/252391855/Restoring-Power-How-Lawmakers-Can-Lower-Your-Electric-Bills>

Section 5 of this bill authorizes municipalities to create taxpayer-funded broadband districts. CBIA believes there are serious questions that need to be answered before moving down this path that may tempt municipalities into entering the internet business without adequate appreciation of the financial risks associated with doing so.

For example, how will the municipalities keep up with rapidly changing technologies that will require them to continuously innovate and invest if they want to stay competitive with other service providers? How much will be required of taxpayers to subsidize internet service at a lower cost than the free market? Who will be on the hook for dollars should the system fail? We understand that one modest-size Connecticut municipality that tried this experiment failed and its residents and businesses are facing over a \$27 million dollar price tag . Businesses in that town will likely be paying for this for years – never mind the disruption to their operations.

CBIA believes it is more important than ever to focus on promoting our competitive strengths and fixing our deficiencies. Broadband internet service in Connecticut appears to be a very strong asset according to multiple studies. Let's use that as a competitive selling point for our state – not “flag it” as a problem that needs fixing – while at the same time putting the financial well-being of municipalities, along with the efficiency of businesses in their communities at risk.

Accordingly, CBIA urges you to strike section 5 from this bill.

Thank you very much for this opportunity to provide comments and for your consideration of our positions.